

5-8-98

SUBJECT: CONTRACTOR HUMAN RESOURCE MANAGEMENT PROGRAMS

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1. PURPOSE. To transmit revised pages to DOE O 350.1, CONTRACTOR HUMAN RESOURCE MANAGEMENT PROGRAMS, OF 9-30-96.
2. EXPLANATION OF CHANGE.
  - a. The change to Chapter V, paragraph 4b(6)(b), deletes the clause requiring the Head of Contracting Activity to do an in-depth study if contractor values exceed the acceptable range because both the value study and Chamber of Commerce study provide in-depth back-up information as to why the contractor has exceeded the acceptable range.
  - b. The change to Chapter V, paragraph 2a, Contractor Requirements Document (CRD), Attachment 1, inserts the acceptable range of values permitted by DOE and mirrors the requirements outlined in Chapter V. These ranges were inadvertently omitted in the CRD when the Order was first issued.
3. FILING INSTRUCTIONS.
  - a. 

<u>Remove Pages</u>	<u>Dated</u>	<u>Insert Pages</u>	<u>Dated</u>
V-1 and V-2	9-30-96	V-1	9-30-96
		V-2	5-8-98
Attachment 1, V-5 and V-6	9-30-96	Attachment 1, V-5	5-8-98
		Attachment 1, V-6	9-30-96
  - b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



ARCHER L. DURHAM  
Assistant Secretary for  
Human Resources and Administration

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**INITIATED BY:**  
Office of Human Resources  
and Management

**U.S. Department of Energy**  
**Washington, D.C.**

**ORDER**

**DOE O 350.1 Chg 1**

Approved: 9-30-96  
Sunset Review: 9-30-98  
Expires: 9-30-00  
Change 1: 5-08-98

**SUBJECT: CONTRACTOR HUMAN RESOURCE MANAGEMENT PROGRAMS**

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**1. OBJECTIVES.**

- a. To establish Department of Energy (DOE) responsibilities, requirements, and cost allowability criteria for the management and oversight of contractor Human Resource Management (HR) programs.
- b. To ensure that DOE contractors manage their HR programs to support the DOE mission, promote work force excellence, champion work force diversity, achieve effective cost management performance, and comply with applicable laws and regulations.
- c. To implement consistent requirements that allow contractors flexibility in determining how to meet the requirements.
- d. To ensure that all elements of cash and non-cash compensation are considered in the design and implementation of an appropriate total compensation philosophy, but are not used as a means to deflect needed cost reductions in either or both.

**2. CANCELLATIONS.** In addition to the Orders listed in the chapters of this Order, the Orders listed below are canceled. Cancellation of an Order does not, by itself, modify or otherwise affect any contractual obligation to comply with such an Order. Canceled Orders incorporated by reference in a contract shall remain in effect until the contract is modified to delete the reference to the requirements in the canceled Orders.

- a. DOE 3220.1A, MANAGEMENT OF CONTRACTOR PERSONNEL POLICIES AND PROGRAMS, of 5-14-92.
- b. DOE 3220.4A, CONTRACTOR PERSONNEL AND INDUSTRIAL RELATIONS REPORTS, of 1-7-93.

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Office of Contractor Human  
Resource Management

- (6) Provides guidance to Heads of Contracting Activity on the conduct and use of the methods for evaluating contractor welfare benefit programs using either the U.S. Chamber of Commerce Benefits Survey or the Value Study method.

b. Heads of Contracting Activities.

- (1) Develop performance measures, expectations, and related incentives for performance-based contracts to achieve Department objectives and desired improvements in contractor management of employee benefit programs.
- (2) Evaluate contractor benefit programs on a periodic basis to assess program costs and assure costs are reasonable and allowable.
- (3) Approve the adoption by contractors of corporate benefit programs in their entirety, which incorporate policy, procedures, cost sharing and other arrangements of the parent organization.
- (4) Approve contractor benefit plans and proposed changes that are either new or first time on a site, set a precedent for the DOE contractor system, or involve flexible benefit programs.
- (5) Obtain approval of the Director, OCHRM for contractor benefit plans and proposed changes that are an exception to DOE policy.
- (6) For other than corporate benefit programs, approve the contractor's methodology for evaluating its currently approved welfare benefits programs, consistent with the provisions in the Contractor Requirements Document and (a) and (b) below. Either the U. S. Chamber of Commerce Benefit Survey comparison method, (the per capita cost per full-time equivalent employee) or the Value Study method (net benefit value) may be used in this evaluation to establish an appropriate comparison.
  - (a) When the contractor's cost or value is within the range of acceptability (i.e., no more than 5 percent above the comparator for other organizations), no further action is required.
  - (b) When the contractor's cost or value is greater than 5 percent above the comparator for other organizations, a corrective action plan to achieve conformance with the range of acceptability defined in (a) above will be required, unless otherwise justified in writing.

Vertical line denotes change.

## **CONTRACTOR REQUIREMENTS DOCUMENT**

### **EMPLOYEE BENEFITS**

The following requirements apply to contracts for the management and operation of DOE facilities, as set forth in a contract.

1. Contractors shall develop and implement welfare benefit programs that meet the tests of allowability and reasonableness established by Federal Acquisition Regulation 31.205-6 and Department of Energy Acquisition Regulation 970.3102-2, COMPENSATION FOR PERSONAL SERVICES.
2. Contractors shall submit the following to the Contracting Officer for approval, except where the Contracting Officer has approved the adoption by the contractor of corporate benefit programs in their entirety.
  - a. An evaluation of Contractor Benefit Programs using a professionally recognized measure to compare their benefit programs to other organizations (either a Value Study or a U.S. Chamber of Commerce (COC) Employee Benefit Survey Comparison based on facility size). The contractor Value Study or COC survey results must fall within the following acceptable values: 1) when contractor's per capita cost per full-time equivalent employee or net benefit value is within the range of acceptability (i.e., no more than 5 percent above the comparator for other organizations), no further action is required; 2) when the contractor per capita cost per full-time equivalent employee or net benefit value is greater than 5 percent above the comparator for other organizations, the contractor shall submit to the Contracting Officer a corrective action plan to achieve conformance with the range of acceptability defined above, unless otherwise justified in writing. The plan shall include specific benefit plan changes and a timetables for implementation and shall be approved by the Contracting Officer.

Once a method of evaluation has been chosen, either a Value Study or COC, Contracting Officer approval shall be required to change the method in subsequent years. For contractors using the Value Study method, the studies shall be conducted every three years and are valid for three years, regardless of contractor transition. For contractors using the COC method, comparison results must be submitted annually to the Contracting Officer.

- (1) If a Value Study is used, the following requirements apply.
  - (a) The contractor shall determine a list of no less than 15 participants to be a part of the study. The Contracting Officer shall approve the list prior to the performance of the study.
  - (b) The Value Study shall include major non-statutory benefit plans offered by the contractor, including qualified defined benefit and

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